C.B. (I) No. 198—Vol. IX

COMMITTEE OF PRIVILEGES

(FOURTH LOK SABHA)

NINTH REPORT

(Laid on the Table on the 19th November, 1969)

LOK SABHA SECRETARIAT
NEW DELHI

November, 1969
Agrahayana, 1891 (Saka)

S.347R

Price : 30 Paise

CONTENTS

	PAGE
1. Personnel of the Committee of Privileges	(iii)
2. Report	1
3. Speaker's orders on the Report	5
4. Minutes	6
5. Appendices	8

PERSONNEL OF THE COMMITTEE OF PRIVILEGES (1969-70)

ACTING CHAIRMAN

1. Shri N. C. Chatterjee

MEMBERS

2. Shri Rajendranath Barua
3. Shri Surendranath Dwivedy
4. Shri Shri Chand Goyal
5. Shri Hem Raj
6. Shri Thandavan Kiruttinan
7. Shri P. Govinda Menon
8. Shri H. N. Mukerjee
9. Shri Raja Venkatappa Naik
10. Shri G. L. Nanda
11. Shri K. Raghuramaiah
12. Shri P. Ramamurti
13. Chaudhuri Randhir Singh
14. Shri K. Narayana Rao.

SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

NINTH REPORT OF THE COMMITTEE OF PRIVILEGES

(FOURTH LOK SABHA)

I. Introduction and Procedure

I, the Acting Chairman of the Committee of Privileges, having been authorised to submit the report on their behalf, present this report to the Speaker regarding the request of the Secretary, Trombay Fertilizer Commission of Inquiry, New Delhi, for furnishing to the said Inquiry Commission certain records relating to the Committee on Public Undertakings, Lok Sabha.

The matter was referred to the Committee by the Speaker on the 16th September, 1969, under Rule 227 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition).

2. The Committee considered the matter at their sitting held on the 14th November, 1969 and came to their conclusions. The relevant minutes of this sitting form part of the report.

II. Facts of the Case

3. The Secretary, Trombay Fertilizer Commission of Inquiry, New Delhi, has sent a letter forwarding a summons (*See* Appendix I), for furnishing to the said Commission of Inquiry the following records:—

(i) Evidence of the representatives of Government of India (Ministry of Petroleum and Chemicals and Mines and Metals) and the Fertilizer Corporation of India Limited recorded by the Committee on Public Undertakings (Fourth Lok Sabha), Twenty Sixth Report.

(ii) Correspondence with the office of the Comptroller and Auditor General and the Committee on Public Undertakings in connection with Audit Paras contained in the Central Government Audit Report (Commercial) 1968, which ultimately gave rise to the Twenty-sixth Report of the Committee on Public Undertakings.

4. The Commission of Inquiry was set up by a resolution, dated the 5th August, 1969 of the Government of India under the Commissions of Inquiry Act, 1952 (*See* Appendix II), to determine whether the then Managing Director of the Fertilizer Corporation of India acted entirely in the interests of the Corporation, etc.

5. The Twenty-sixth Report of the Committee on Public Undertakings (1968-69) is based on Audit Paras in Section II of Audit Report (Commercial), 1968 relating to the Trombay Unit of Fertilizer Corporation of India Ltd. The Committee had taken up the examination of these paras as part of their programme of work during 1968-69. In this connection, they took the evidence of the representatives of the Ministry of Petroleum and Chemicals (Department of Chemicals) and the Fertilizer Corporation of India on the 31st August, 1968.

6. Based on the oral evidence and the written information furnished by the Ministry/Undertaking, the Committee made the following recommendation in para 2.27 of their 26th Report:—

> "In view of the above circumstances, the Committee cannot help feeling that as far as the agreement entered into with M/s Chemico for the supply of Ammonia, Urea and Nitric Acid plants was concerned, the Managing Director did not act entirely in the interest of the Corporation. They would, therefore, recommend that a more detailed enquiry ought to be conducted to find out whether the dropping of the claims worth Rs. 57·50 lakhs against M/s Chemico was justified and whether the terms of the agreements entered into with this firm were in the best interests of the Corporation. They also desire that responsibility for various lapses in this case should also be fixed and suitable action taken against the persons concerned."

7. Commenting upon the award of contract for the supply of Nitrophosphate plant to Chemical and Industrial Corporation of U.S.A., that Committee had recommended in para 2.45 of their Twenty-sixth Report as follows:—

> "The Committee take a serious view of this matter. The availability of foreign credit no doubt has to be taken into consideration in setting up any plant, but this should not have weighed so heavily with the Government as to ignore such important factors as experience and ability of the contractor to supply the required plant. Unsatisfactory working of the plant has not only resulted in shortfall in production of fertilizers, loss of foreign exchange in import of materials and fertilizers, avoidable capital expenditure on Sulphuric Acid plant and storage tank but has also cost the exchequer an additional capital expenditure of Rs. 1·69 crores for its rehabilitation. The Committee, therefore, desire that the reasons for awarding the contract to this firm should also be investigated by

the enquiry Committee suggested in para 2.27 of this Report."

8. In para 6.2, the Committee had in their Report concluded as follows:—

"The Committee are constrained to observe that there were a number of procedural and functional lapses on the part of the Management of which Government of India could have taken serious note but do not appear to have done so or exercised proper check and supervision. The Committee would urge that as suggested by them in paragraph 2.27, an enquiry should be made to ascertain the reasons for entering into such defective agreements which have resulted in huge financial losses and continuous low production. Awarding of contracts to firms which had neither the capacity nor experience to undertake them is also a sad affair. They would like to be informed of the findings of the enquiry, the names of the officers found responsible for these lapses and the action taken against them."

III. **Recommendation of the Committee**

9. The Committee of Privileges (Second Lok Sabha) in paras 8 to 10 of their First Report, adopted by the House on the 13th September, 1957, had recommended that:

".....no member or officer of the House should give evidence in a Court of Law in respect of any proceedings of the House or any Committee of the House or any other document connected with the proceedings of the House or in the custody of the Secretary of the House without the leave of the House being first obtained.

When the House is not in session, the Speaker may in emergent cases allow the production of the relevant documents in Courts of Law in order to prevent delays in the administration of justice and inform the House accordingly of the fact when it reassembles. In case, however, the matter involves any question of privilege, specially the privilege of a witness, or in case the production of the document appears to him to be a subject for the discretion of the House itself, he may decline to grant the required permission and refer the matter to the Committee of Privileges for examination and report.

When a request is received during sessions for producing in a Court of Law, a document connected with the proceedings of the House or Committees or which is in the custody of the Secretary of the House, the case may be referred by the Speaker to the Committee of Privileges. On a report from the Committee, a motion may be moved in the House by the Chairman or a member of the Committee to the effect that the House agrees with the report and further action should be taken in accordance with the decision of the House."

10. The Committee observe that the Trombay Fertilizer Commission of Inquiry has been set up by the Government of India in pursuance of the recommendations of the Committee on Public Undertakings contained in their Twenty-sixth Report (Fourth Lok Sabha), and it is in that connection that the following records are required by the said Commission of Inquiry:

(i) Evidence of the representatives of Government of India (Ministry of Petroleum & Chemicals and Mines & Metals) and the Fertilizer Corporation of India Limited recorded by the Committee on Public Undertakings (Fourth Lok Sabha), Twenty-sixth Report.

(ii) Correspondence with office of the Comptroller and Auditor General and the Committee on Public Undertakings in connection with Audit Paras contained in the Central Government Audit Report (Commercial) 1968, which ultimately gave rise to the Twenty-sixth Report of the Committee on Public Undertakings.

11. The Committee recommend that the Speaker may, with the permission of the House, authorise the Secretary to furnish to the Trombay Fertilizer Commission of Inquiry the records mentioned in paragraph 10 above.

NEW DELHI;

The 14th November, 1969.

N. C. CHATTERJEE,

Acting Chairman,
Committee of Privileges.

SPEAKER'S ORDERS

Speaker's orders on the Report of the Committee of Privileges.

The Report may be laid on the Table of the House.

(Sd.) G. S. DHILLON,
17.11.....November, 1969.

MINUTES

New Delhi, Friday, the 14th November, 1969.

The Committee sat from 11-00 to 11-40 hours.

PRESENT

1. Shri N. C. Chatterjee—*In the Chair.*
2. Shri Rajendranath Barua
3. Shri Surendranath Dwivedy
4. Shri Shri Chand Goyal
5. Shri Hem Raj
6. Shri Thandavan Kiruttinan
7. Shri Raja Venkatappa Naik
8. Chaudhuri Randhir Singh.

SPECIAL INVITEE

Shri Anand Narain Mulla, M.P.

SECRETARIAT

Shri B. K. Mukherjee—*Deputy Secretary.*

Shri J. R. Kapur—*Under Secretary.*

WITNESSES

Shri B. C. Sen, IPS, *then* Superintendent of Police, Purulia

Shri D. Bhowmic, *then* Dy. S. P. (Hqrs), Purulia.

* * * *

7. The Committee then considered the request from the Trombay Fertilizer Commission of Inquiry for production of certain documents relating to the Committee on Public Undertakings.

The Committee decided to recommend that the Speaker may, with the permission of the House, authorise the Secretary to furnish

*** Paragraphs 2—6 relate to other matters and will be included in the Minutes of the relevant Reports.

to the Trombay Fertilizer Commission of Inquiry the following records:—

(i) Evidence of the representatives of Government of India (Ministry of Petroleum & Chemicals and Mines & Metals) and the Fertilizer Corporation of India Limited recorded by the Committee on Public Undertakings (Fourth Lok Sabha), Twenty-sixth Report.

(ii) Correspondence with office of the Comptroller and Auditor General and the Committee on Public Undertakings in connection with Audit Paras contained in the Central Government Audit Report (Commercial) 1968, which ultimately gave rise to the Twenty-sixth Report of the Committee on Public Undertakings.

8. The Committee authorised the Acting Chairman to submit their report to the Speaker.

(The Committee then adjourned.)

APPENDIX I

(*See* para. 3 of the Report)

No. F.2(1)/69-TFCI.

GOVERNMENT OF INDIA

OFFICE OF THE TROMBAY FERTILIZER COMMISSION OF INQUIRY

C-106, *NDSE Part II,*
New Delhi-49.
September 2/3, 1969.

To

The Lok Sabha Secretariat (Shri A. L. Rai),
New Delhi.

SUBJECT:—*Summons for production of documents.*

Sir,

As directed by the Chairman of the Trombay Fertilizer Commission of Inquiry, summons in duplicate issued under the Rules for the Issue and Service of Summons by a Commission of Inquiry is forwarded. It is requested that service of the summons may be acknowledged to the Commission.

Yours faithfully,

(Sd.) R. T. ISRANI,
Secretary to the Commission.

F. No. 2(1)/69-TFCI

GOVERNMENT OF INDIA

OFFICE OF THE TROMBAY FERTILIZER COMMISSION OF INQUIRY

C-106, *NDSE Part II,*
New Delhi-49.
September 2/3, 1969.

WHEREAS the Government of India, Ministry of Petroleum and Chemicals and Mines and Metals (Department of Chemicals) by

Resolution No. Ferts.II/55(17)/69, dated the 5th August, 1969, have set up a Single Member Commission under the Commissions of Inquiry Act, 1952, to determine whether the then Managing Director of the Fertilizer Corporation of India acted entirely in the interests of the Corporation etc.

WHEREAS the Commission considers that the documents detailed below will be relevant for the purpose of the inquiry, you are hereby requested to furnish to the Commission at its office on or before 22nd September, 1969 between 10 A.M. to 4 P.M. the following documents:—

1. Evidence of the representatives of Government of India (Ministry of Petroleum and Chemicals and Mines and Metals) and the Fertilizer Corporation of India Limited recorded by the Committee on Public Undertakings (Fourth Lok Sabha), Twenty Sixth Report.

2. Correspondence with office of the Comptroller and Auditor General and the Committee on Public Undertakings in connection with Audit Paras. contained in the Central Government Audit Report (Commercial), 1968, which ultimately gave rise to the Twenty Sixth Report of the Committee on Public Undertakings.

Given under my hand and seal of the Commission this 3rd day of September, 1969.

(Sd.) R. T. ISRANI,

Secretary.

For and on behalf of the Chairman of the Commission of Inquiry.

The Secretary,
Lok Sabha Secretariat,
New Delhi. (Shri A. L. Rai).

APPENDIX II

(*See* para. 4 of the Report)

MINISTRY OF PETROLEUM AND CHEMICALS AND MINES AND METALS

(DEPARTMENT OF CHEMICALS)

New Delhi, the 5th August, 1969.

RESOLUTION

No. Ferts. 11/55/17/69.—Audit paras. relating to the Trombay unit of the Fertilizer Corporation of India Ltd. contained in Section II of the Central Government Audit Report (Commercial 1968) were examined in the Twenty-sixth Report of the Committee on Public Undertakings (1968-69) (Fourth Lok Sabha), which was placed before the Parliament on 12th March, 1969. Among other recommendations, the Committee have recommended a detailed inquiry/ investigation into the contracts awarded by the Fertilizer Corporation of India for the supply of Ammonia, Urea and Nitric Acid plants as well as a contract for the Nitro Phosphate Plant for the Trombay Unit of the Corporation. In view of the recommendations made by the Committee and considering the interest shown in the matter by the general public and Members of Parliament, the Government of India have decided to set up a Single Member Commission under the Commissions of Inquiry Act, 1952, under the Chairmanship of Shri J. S. Bedi, Retired Judge, Punjab and Haryana High Court.

2. The terms of reference of the Commission will be as follows:—

(i) to determine whether the then Managing Director of the Fertilizer Corporation of India Ltd. acted entirely in the interest of the Corporation so far as the agreement entered into with M/s. Chemical Construction Corporation for the supply of Ammonia, Urea and Nitric Acid Plants was concerned; whether the dropping of claims worth Rs. 57·50 lakhs against the said Chemical Construction Corporation was justified and whether the terms of agreement entered into with the firm were in the best interests

of the Corporation and to determine the responsibility for lapses, if any, in this case;

(ii) to investigate the reasons for awarding the contract for the Nitro Phosphate plant to M/s. Chemical and Industrial Corporation of USA;

(iii) Arising out of (i) and (ii) above, to recommend the action that may be taken.

3. The Commission will be assisted by special consultants wherever necessary if the Commission so desire.

4. The Commission will devise its own procedures. It may call for such information and take such evidence as it may consider necessary. The Ministries/Departments of Government of India will furnish such Information and render such assistance as may be required by the Commission.

5. The Commission will submit its report within a period of 3 months.

ORDER

ORDERED that the Resolution be published in the Gazette of India, Part I, Section 1.

ORDERED also that a copy of the Resolution be communicated to all Ministries/Departments of Government of India.

B. MUKERJI,

Secretary.

GMGIPND—TSS—2244 (E)—17-11-69—750

© 1969 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth Edition) and Printed at the Top Secret Wing of the Government of India Press, Minto Road, New Delhi.